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OPEN MEETING AGENDA ITEM

Department of Veterans Affairs  
Office of Asset Enterprise Management  
810 Vermont Ave., N.W.  
Washington, D.C. 20420



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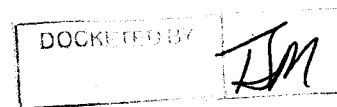
November 26, 2012  
AZ CORP COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

NOV 27 2012

State of Arizona Corporation Commission  
1200 West Washington Street  
Room 108  
Phoenix, Arizona 85007



**RE: Docket No. E-01933A-12-0296, Matter Of The Tucson Electric Power Company Application For Approval Of Its 2013 Renewable Energy Standard Tariff Implementation Plan**

Dear Chairman Pierce and Commissioners:

The U.S. Department of Veterans Affairs (VA) respectfully requests that the Arizona Corporation Commission (ACC) deny and consider alternatives to the Tucson Electric Power (TEP) "Track and Record" solution set out in their October 18, 2012 Utilities Staff Comments supplementing TEP's July 3, 2012 Application For Approval of its 2013 Renewable Energy Standard and Tariff Implementation Plan ("the Plan").

As the Plan stands, it would interfere with VA's ability to sell or claim solar generation from VA's facilities in Tucson and other portions of TEP's service area in Arizona. From VA's perspective, this Plan would threaten the viability of the Renewable Energy Certificate (REC) system and would set a dangerous precedent if approved. VA's current renewable energy investments in Arizona would be devalued, and the policy would deter future VA renewable energy investments in the State of Arizona.

VA has made significant investments in VA solar projects in Arizona to meet Federal renewable energy requirements and standards, as set forth in legislation and Presidential executive orders. Under Executive Order 13423, Federal facilities are required to own renewable energy attributes to meet renewable energy and greenhouse gas goals. With the "Track and Record" proposal, TEP would have the ability to count any of VA's generated RECs towards TEP's own renewable energy generation requirements. However, pursuant to the Department of Energy's *Renewable Energy Requirement*

*Guidance for EPACT 2005 and Executive Order 13423*, VA cannot retain credit for the RECs generated by VA facilities if they are counted towards another entity's renewable energy requirements. Therefore the duplicate accounting of these RECs contemplated by TEP's "Track and Record" solution would preempt VA's ability to utilize the credits for meeting Federal mandates, allowing TEP to effectively deprive VA of VA's legitimately created RECs.

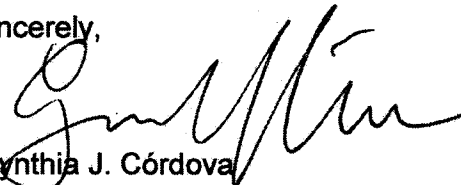
VA's solar projects and other energy projects are essential to meet Federal renewable energy policy mandates while furthering the VA mission of caring for Veterans, and saving taxpayer dollars that can be used in other aspects of VA operations. If TEP is allowed to record the REC credits from VA projects, it will effectively deny VA the ability to count these credits towards VA's own renewable energy goals.

In lieu of the current "Track and Record" proposal, VA suggests that TEP purchase the RECs needed to comply with its requirements at auction on the open market. This would ensure appropriate compensation to the current REC owner and uphold the viability of the REC system, while appropriately incentivizing further investment in renewable energy generation in the utility's service territory.

VA requests that the ACC deny approval of the "Track and Record" solution, and instead consider other options.

Thank you for your consideration of VA's request.

Sincerely,



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